



**Cancel the  
Debt NOW!**

# FDC bulletin

December 2004

## **Global Day of Action against Debt and Domination People's organizations urge solons to pass debt audit resolution**

**In** solidarity with people's organizations and movements worldwide, the Freedom from Debt Coalition marked the Global Day of Action against Debt and Domination by challenging the Arroyo government to squarely confront the country's fiscal predicament: the burden of the debt.

Debt servicing continues to eat up almost all tax revenues. This is made possible by the Automatic Appropriations Law prioritizing debt payments over any other public expenditure -- a law that remains in place decades after ousted dictator Ferdinand Marcos passed Presidential Decree 1177.

The 2000-strong

mobilization assembled at the Department of Finance last December 8, then marched to the Senate to dramatize how the debt burden has contributed to the poverty afflicting millions of Filipinos.

Ending the march at the Senate grounds, the protesters

unveiled a billboard reminding solons of the urgency of enacting House Joint Resolution No. 2 and the counterpart Senate resolution (Joint Resolution No. 1), that provides for the creation of the debt audit commission.

FDC President Ana Maria R.

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PHOTO BY MARIS DELA CRUZ



payment and maturing principal will cover more than 85 percent of the projected tax and non-tax revenues.

Nemenzo reiterated that through an audit, government can determine which part of the public sector debt is legitimate, and which part is fraudulent. "Let us not forget that a large part of the country's public sector debt has never been accounted for. Further, govern-

ment has been religiously paying some debts incurred through fraudulent means at the expense of the people. For instance, government has allocated P2.14 billion in 2004 as payment for the graft-ridden Bataan Nuclear Power Plant," Nemenzo said.

Joining FDC celebrating the Global Day of Action were BISIG, Bukluran ng Manggagawang Pilipino, CONFREEDEM, KALAYAAN, Kongreso sa

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Nemenzo urged the senators to immediately pass the debt audit resolution as an initial step in solving the debt problem. "The Lower House has already done its part; the ball is now at the hands of our senators to pass this important legislation and lay down the ground towards possible cancellation of fraudulent and onerous debts," she stressed.

House Joint Resolution no. 2 seeks to create a Congressional Commission that will review and audit all public sector debts as well as all assumed and contingent liabilities of the national government.

The country's total consolidated public sector debt stands roughly at P5.9 trillion, far bigger than the P5.2-trillion gross domestic product.

This year alone, the government allocated 80 percent of its revenues for debt servicing. Next year, the combined interest



Pagkakaisa ng Maralitang Lungsod, Kilusan para sa Pambansang Demokrasya, Padayon, Partido ng Manggagawa, Piglas-Kababaihan, Samahan ng Demokratikong Kabataan, Sanlakas, and Womanhealth.



# MWSS' gifts for the season: Deception and Betrayal

**As** consumers grappled with another bleak Christmas, they witnessed yet again their interests swept aside by the Board of Trustees and the Regulatory Office of the Metropolitan Waterworks and Sewerage System (MWSS) in favor of Maynilad and Manila Water.

The MWSS invited the public to a "presentation and discussion" of Maynilad's rehabilitation plan. The meeting last Dec. 14, however, turned out to be a "public consultation" on new water rate increases being pushed by Maynilad. The new rate hikes pushes Maynilad's water tariff to an average of P30.19/m<sup>3</sup>, from the current P19.92/m<sup>3</sup>.

For more than a year, organizations like FDC have been repeatedly asking the MWSS to shed light on how it stood on the complicated and controversial issues surrounding the overstretched Maynilad case. MWSS appeared to be finally granting this request, but the public was mistaken. However, if indeed the meeting focused on the rehabilitation scheme, this would have been mooted as the petition itself for Maynilad's corporate rehabilitation had already been approved by the Quezon City

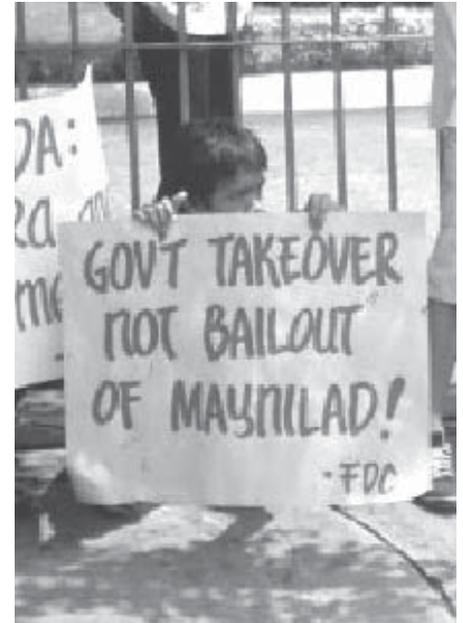
Regional Trial Court. Obviously, the meeting was an ill-disguised attempt to fulfill procedural requirements, specifically holding consultations with the public, before any new rates can be leveled.

Maynilad has nothing to show for the seven-year operation of the West Zone save --

- a 608 percent increase in its water rates
- over P10 billion in unpaid concession fees resulting in new debts for government
- higher levels of water losses
- intermittent water supply
- poor and unsafe quality of water

MWSS once again rewards the inefficient and mismanaged water firm with an additional P10.00 charge on West Zone consumers. It is shamelessly allowing Maynilad to implement the water tariff determined during the rate review process conducted in 2002 even as the firm has not delivered on the corresponding obligations.

The government approval of water rates increases in the rate-rebasing exercise in 2002 was premised on the delivery of obligations that include updated



payment of concession fees and improvement and expansion of water services. This has not happened.

Maynilad's new rehabilitation program releases the company from these obligations and gives it far easier conditions to fulfill. At a time when the government is in the grip of a fiscal crisis, the rehabilitation scheme allows the company to stagger payments of outstanding and future concession fees up to year 2008. The scheme also provides for the reduction of expansion and water supply targets, allowing the

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# The Women's March against Poverty and Globalization

**Y**ou know what they say, and we know it to be true: if women stopped working for an entire day, the world economy would grind to a halt. So what's stopping the women from teaching themselves and other women about women, poverty and globalization? What can stop them from developing their critical understanding of their issues and the links to national economic trends and policies?

Nothing's stopping the women. Since September 2004, the FDC Women's Committee has been facilitating a

Session by session, daughters, mothers and grandmothers, women from the church, from labor groups, rural women, urban poor women, and young women have sat together to uncover the different aspects of globalization and agree on the themes that will be highlighted during the campaign. A framework paper is being prepared synthesizing the women's analysis, and calls on the following themes—the labor of women in production and reproduction; on the trade and commodification of women; on war and militarization; on violence against women; on access and control of economic resources; on changes in women's social relations as a result of poverty and globalization, and the rise of fundamentalism; and on the specific impact of poverty on women's lives.

**T**he idea for a women's march against poverty and globalization is an old dream among long-time feminists and women's groups in the Philippines, coming up now and again in women's discussions and fora on poverty and economic issues. Inspiration has also come from national and global initiatives including the World March of Women in 2001, and the more recent Washington March for Women's Lives in April 2004.

process of convening women's groups and discussing a year-long campaign on women, poverty and globalization. The twenty women's groups and organizations that said "yes" in September has since expanded to more than 40 organizations and individuals composing the National Organizing Committee for the **Women's March Against Poverty and Globalization**.

This year, the Freedom from Debt Coalition led by its Women's Committee took the initiative of convening women's groups to ask them if they were open to organizing with FDC a nationwide Women's March Against Poverty and Globalization. For FDC, it would be a chance to bring women together on the Coalition's main campaigns on the debt, and on water and power privatization, as well as enrich its advocacy with women's perspectives and concrete experiences.

PHOTO BY GIGI LOPEZ



The women have united on the following general objectives for the Women's March:

1. Conduct popular education among women, especially grassroots women, to develop critical understanding of their issues and the links to national economic trends and policies, and to globalization
2. Highlight the impact of economic structures & policies on women – with focus on major trends nationally and globally (fiscal and debt crisis; trade and investment liberalization, privatization of services and utilities etc) — In the process enrich our information and data-base on impacts on women; advance in the process of documentation for future use
3. Promote feminist perspectives on the economy and economic policies and feminist critique of globalization that addresses both class and gender
4. Put forward and highlight demands addressed to the national government (Women's Economic Agenda)
5. Broaden the network of women and women's groups actively involved in campaigns on economic issues
6. Contribute to the strengthening of the women's movement, and its position on national and global economic issues



PHOTO BY GIGI LOPEZ

The year-long Women's March 2005 is shaping up and starting to take form. The women have agreed that this project should not be a one-shot activity. It will be a year-long CAMPAIGN emphasizing popular education among women, and the formation of a women's economic agenda. The Campaign will culminate in a WOMEN'S STRIKE in December 2005, with women stopping work in every area of their lives highlighting how women's work turns the wheels of globalization but at the cost of their dignity and wellbeing.

The National Organizing Committee targets mobilizing thousands of women to take part in the Women's Strike at the end of the year. At the minimum, the March could also take place in the areas where FDC

chapters are based – Tacloban, Iloilo, Cebu, Davao, General Santos and Western Mindanao.

Six sub-themes and campaign calls will headline the Women's March, under the broad theme of Women, Poverty and Globalization:

- a. labor of women in production and reproduction
- b. trade and prostitution of women
- c. war, and militarization; and violence against women (security issues)
- d. access and control of economic resources
- e. changes in women's social relations as a result of

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**MWSS' GIFTS...**  
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company to prioritize "opportunity areas" (read: profitable). This only means further delays in the delivery of piped water services to many urban poor communities who are not connected to the water network and have to pay for higher-priced water from independent service providers.

Manila Water, on the other hand, will be enjoying the P2.18/m3 increase approved by

President Arroyo for implementation in 2005. This effectively pushes the company's tariff to P17.83/m3 or a 769 percent rise from its 1997 bid price.

A Commission on Audit report on Manila Water's 1999 operations makes this tariff hike all the more indefensible. The report reveals that the Ayalas enjoyed a 40.92 percent return on rate base that year, when the Constitution only allows a 12 percent profit ceiling for public utilities. ■

**THE WOMEN'S MARCH...**  
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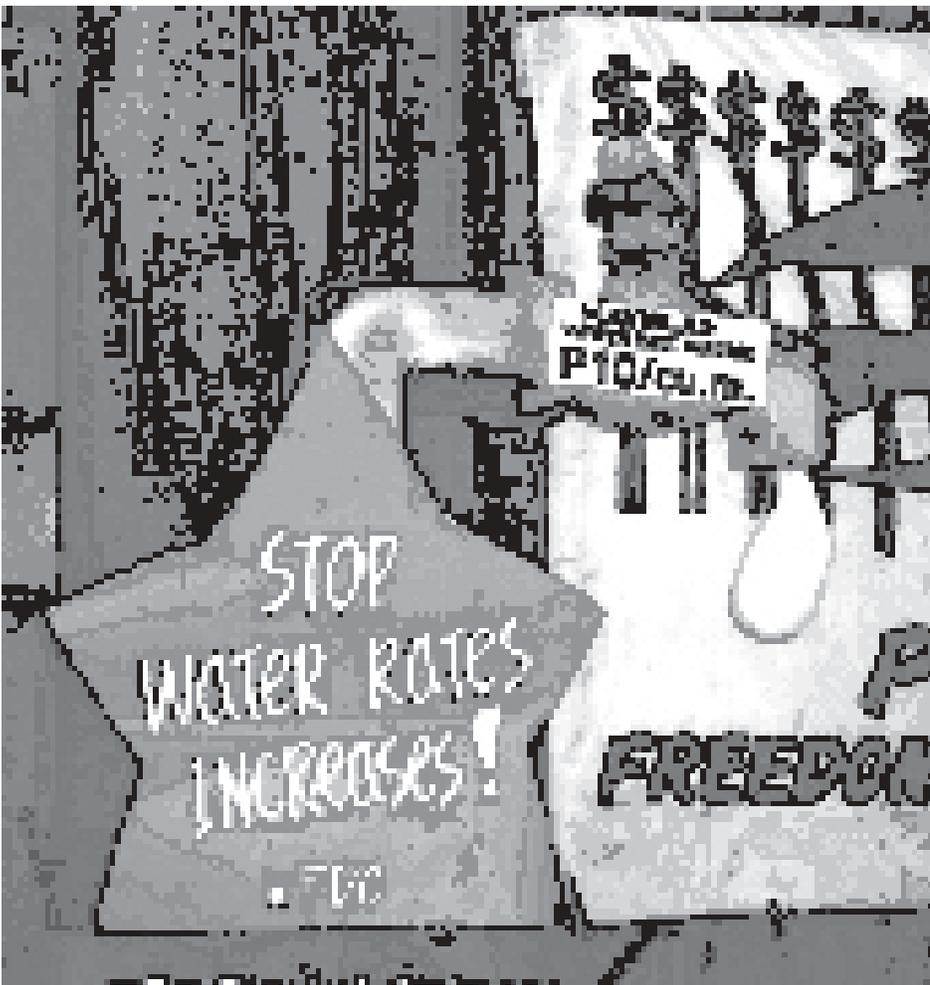


PHOTO BY GIGI LOPEZ

*Lidy Nacpil, FDC Secretary General*

- poverty and globalization, and the rise of fundamentalism
- f. the specific impact of poverty on women's lives

Currently, the National Organizing Committee is deeply involved in preparations for the National Assembly and Launching of the Women's March 2005. Materials are being prepared; education sessions are ongoing, and networks and groups of women are being reached out to make participation in the first large gathering as broad and as substantial as possible. The Assembly hopes to unite 300 women's groups on the concept and plan for the Women's March 2005. ■



## Statement of the Freedom from Debt Coalition on the continuation of the ERC hearing for the Application of the National Power Corporation for rates increase

*The statement below was read by FDC President Ana Maria R. Nemenzo during the public hearing last Dec. 16, 2004 on the National Power Corporation's (NAPOCOR) rate increase petition. Napocor filed the petition on June 18, 2004 before the Energy Regulatory Commission to seek a P1.87/kwh average increase in generation rates. The agency asserts that it needs the rate hike to be able to attract new investors into the power sector, hasten the privatization of the power industry and comply with the requirements of its creditors fo higher return on rates base. FDC and other groups opposed said petition.*

*The Dec. 16 hearing was the first hearing conducted by the ERC after it issued an order on Sept. 3, 2004 granting Napocor a provisional authority to increase rates by an average of P0.98/kwh. Oppositors to the petition filed motions for reconsideration but all these were denied upon ERC orders issued in early December 2004.*



PHOTO BY MARIS DELA CRUZ

We, members of the Freedom from Debt Coalition, wish to express our utmost disappointment over the Commission's decision to deny all Oppositors' Motions for Reconsideration.

The Commission's cavalier style of handling consumers' arguments in their respective motions indicates how little this Commission values consumer participation in the regulatory process.

More than 50 oppositors and intervenors filed their respective Motions for Reconsideration and Municipal Resolutions opposing the P0.98/kWh provisional authority. By issuing an omnibus denial of all motions, the Commission refuses to acknowledge the validity of any point raised by consumers.

FDC and other consumer organizations would like to manifest our growing impatience over the inaction of this Commission to protect consumer interests. To drum up how this Commission has consistently failed to uphold our rights, consumers nationwide will continue to mass up and take action similar to the "Power Off!" protest mobilizations held on August 26 and November 10...

FDC reiterates its opposition to the petition: we believe that a rate increase should be the among the last options for Napocor and the Private Sector Assets and Liabilities Management Corp. (PSALM) to take. Instead of hiking power rates, the government should decisively solve NPC's fiscal hemorrhage by canceling onerous contracts with independent power producers.

On the other hand, we harbor no illusion that consumers can get any relief from this Commission. Time and again, we find ourselves on the losing side of the hearings conducted by this Commission.

**Ana Maria R. Nemenzo, FDC President**

# Caped crusaders join 8<sup>th</sup> LGBT Pride March 2004

**The** Economic Justice League (aka Freedom from Debt Coalition) came out in full finery last Dec. 11 to join the 8th Lesbians-Gays-Bisexuals-Transgender (LGBT) Pride March.

As Debt Busters, the Economic Justice League calls for the audit of the Philippine debt as a crucial first step towards resolving the current fiscal crisis and taking the country out of its quagmire of indebtedness. As of end 2003, total public sector debt already reached P5.9 trillion pesos or about 130 percent of the country's gross domestic product. As of February 2004, National Government debt reached

P3.4 trillion pesos. For 2005, debt payments are projected to suck in 95 percent of revenues - crowding out funds for urgently needed social services.

Doubling as the Privatization Police, the feisty League also campaigns to stop the privatization of water and power utilities. Water privatization has led to higher rates, even as water quality and service remain poor, in stark contrast to what proponents claimed. Inefficiencies continue to occur, this time committed by private firms that enjoy government's consistent accomodation of their demands and are thus able to pass on the costs of their bad business decisions to consumers.

Meanwhile, the ills of Napocor's privatization plague Filipinos still. The Purchase Power Adjustment (PPA) -- though no longer reflected in consumers' monthly bills -- continues to be charged as part of generation costs. The PPA ensures revenues for Independent Power Producers, whether or not the electricity they produce is used or even generated.

Finally, the League recognizes that the struggle for people's economic empowerment must go hand in hand with the fight to end discrimination, whether on the basis of one's sex, sexual orientation or preference, economic class, race and ethnicity. The passage of the Anti-Discrimination Bill is long-overdue. ■



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